

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-09 EUR-12 NEA-10 SS-15

NSC-05 ISO-00 AGR-10 L-03 FRB-01 OMB-01 ITC-01

SP-02 USIA-15 AID-05 CIAE-00 COME-00 INR-07 IO-13

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00

CEA-01 /150 W

-----281301Z 027408 /43

R 280921Z APR 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 6890

INFO ALL EC CAPS

AMEMBASSY ABIDJAN

AMEMBASSY SUNCION

AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BRIDGETOWN

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY DACCA

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY HELSINKI

AMEMBASSY KHARTOUM

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

AMEMBASSY LA PAZ

AMEMBASSY LILONGWE

AMEMBASSY LIMA

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY MANAGUA

AMEMBASSY MANILA

AMEMBASSY MAPUTO

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AMEMBASSY MBABANE

AMEMBASSY MEXICO

AMEMBASSY MOGADISCIO

AMEMBASSY MONTEVIDEO

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PANAMA  
AMEMBASSY PORT LOUIS  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY PRETORIA  
AMEMBASSY QUITO  
AMEMBASSY RABAT  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
AMEMBASSY SANTIAGO  
AMEMBASSY SEOUL  
AMEMBASSY SOFIA  
AMEMBASSY STOCKHOLM  
AMEMBASSY SUVA  
AMEMBASSY TAIPEI  
AMEMBASSY ANTANANARIVO  
AMEMBASSY TEGUCIGALPA  
AMEMBASSY TEL AVIV  
AMEMBASSY TOKYO  
AMEMBASSY VIENNA  
AMEMBASSY WELLINGTON  
AMCONSUL BELIZE  
AMCONSUL CALI  
AMCONSUL CAPETOWN  
AMCONSUL DURBAN  
AMCONSUL GUAYAQUIL  
AMCONSUL RIO DE JANEIRO  
AMCONSUL SAO PAULO  
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USMISSION OECD PARIS  
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UNCLAS SECTION 1 OF 2 GENEVA 3163

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJ: UNCTAD: UN SUGAR CONFERENCE, GENEVA, APRIL 18-MAY 27

SUMMARY: AT PLENARY SESSION OF SUGAR CONFERENCE APRIL 26, TEN NATIONS MADE FORMAL STATEMENTS OUTLINING THEIR POSITIONS AND/OR JUSTIFYING THEIR CLAIMS FOR QUOTAS. THE TEN NATIONS WERE: FIJI, USSR, MEXICO, THE GDR, INDIA, THAILAND, REPUBLIC OF KOREA, PARAGUAY, EL SALVADOR AND INDONESIA. THE CONFERENCE CHAIRMAN HAS CLOSED THE SCHEDULE FOR FORMAL STATEMENTS WITH ONLY THE PHILIPPINES REMAINING TO BE HEARD FROM. BRIEF SUMMARIES OF INDIVIDUAL COUNTRY STATEMENTS FOLLOW. END SUMMARY.

1. FIJI CALLED FOR REALISTIC PRICE RANGE WITH PRICES PROTECTED IN REAL TERMS. IT ACCEPTED THE CONCEPT OF

EXPORTER STOCKHOLDING, BUT SAID IT SHOULD NOT PLACE AN UNDUE BURDEN ON THE EXPORTING COUNTRIES. QUOTAS SHOULD BE FLEXIBLE. FIJI NOTED WITH PLEASURE THE PARTICIPATION OF US AND EEC.

2. USSR SAID THE ISO DRAFT IS AN APPROPRIATE DOCUMENT AS THE BASIS FOR NEGOTIATION. STABILIZATION OF COMMODITY PRICES IS NEEDED AND THE USSR HAS PARTICIPATED IN ALL COMMODITY AGREEMENTS AND PREPARATORY TALKS (USSR NOT A MEMBER OF COFFEE AGREEMENT). STABILIZATION IS A QUESTION OF TRADE BETWEEN THE CAPITALIST COUNTRIES, AS THE SOCIALIST STATES TRADE THROUGH LONG-TERM CONTRACTS. SOVIET PRODUCTION OF BEET SUGAR IS INCREASING RAPIDLY UNDER THE CURRENT FIVE YEAR PLAN. PROCESSING CAPACITY IS GROWING AND WILL REACH 11.2 MILLION TONS BY 1980. USSR HAS ALWAYS SUPPORTED A QUOTA TYPE AGREEMENT, BUT, BECAUSE OF ITS DOMESTIC PRODUCTION, IT MUST ENTER AN AGREEMENT

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AS AN IMPORTER WITH A RIGHT TO EXPORT TO THE FREE MARKET.

3. MEXICO SAID THAT IT IS AN IMPORTANT SUGAR EXPORTER AND INTENDS TO PARTICIPATE IN AN ISA AS AN EXPORTING MEMBER. SUGAR IS VERY IMPORTANT TO MEXICAN ECONOMY, PROVIDING EMPLOYMENT TO OVER 500,000 WORKERS. SINCE 1976 EXPORTS HAVE FALLEN TEMPORARILY BUT MEXICO HAS AN INDUSTRY CAPABLE OF SIGNIFICANT EXPANSION AND HAS CONCRETE PLANS TO EXPAND THE INDUSTRY AND RESUME EXPORTS. MEXICO WANTS AN ISA BASED ON QUOTAS WHICH TAKE INTO ACCOUNT THE LAST FIVE YEARS EXPORTS. IT EXPECTS AN ACCEPTABLE QUOTA SHARE. US PARTICIPATION IN THE SUGAR NEGOTIATIONS IS ESPECIALLY WELCOME SINCE IT IS MEXICO'S LARGEST CUSTOMER.

4. GDR SUPPORTS IDEA OF ISA ALONG THE LINES OF THE 1968 AGREEMENT. THEY SUPPORT THE "BASIC EXPORT TONNAGE" APPROACH. THE MINIMUM PRICE SHOULD BE REALISTIC BUT THE GDR CANNOT AGREE TO THE AUTOMATIC REVISION OF PRICE LEVELS. THE GDR SUPPORTS IDEA OF PURCHASE AND SUPPLY COMMITMENTS AND BELIEVES THAT CUBA'S TRADE WITH THE SOCIALIST COUNTRIES SHOULD BE EXCLUDED FROM QUOTAS, AS SHOULD THE TRADE OF THE SOCIALIST COUNTRIES AMONG THEMSELVES.

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AGRE-00 AID-05 CIAE-00 COME-00 INR-07 IO-13

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00

CEA-01 AF-10 ARA-10 EA-09 EUR-12 NEA-10 SS-15

NSC-05 ISO-00 /140 W

-----281258Z 027370 /43

R 280921Z APR 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 6891

INFO ALL EC CAPS

AMEMBASSY ABIDJAN

AMEMBASSY ASUNCION

AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BRIDGETOWN

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5. INDIA PLACED THE CONFERENCE IN THE CONTEXT OF THE INTEGRATED PROGRAM. IT THEN NOTED THAT INDIA'S SUGAR PRODUCTION HAD DOUBLED IN THE PAST DECADE AND WILL INCREASE 35 PERCENT DURING THE CURRENT FIVE YEAR PLAN WHICH ENDS IN 1979. INDIA IS THE FOURTH LARGEST EXPORTER TO THE FREE MARKET, AVERAGING AROUND 1 MILLION TONS IN THE PAST TWO YEARS. INDIA BELIEVES THE MINIMUM PRICE IN AN ISA SHOULD BE SET AT 14 CENTS PER POUND. A BUFFER STOCK ARRANGEMENT FINANCED JOINTLY BY PRODUCERS AND CONSUMERS WOULD BE PREFERABLE TO A QUOTA AGREEMENT AND INDIA NOTED WITH PLEASURE THE CONSTRUCTIVE STATEMENT OF THE UNITED STATES. INDIA REGRETS THAT THE DRAFT AGREEMENT CONTAINS NO REFERENCE TO "MULTI-LATERAL COMMITMENTS". INDIA APPEALED TO THE DEVELOPED COUNTRIES TO ABOLISH TARIFF AND NON-TARIFF BARRIERS

AND TO ADOPT MEASURES "TO HARMONIZE THE PRODUCTION OF NATURAL AND ARTIFICIAL SWEETENERS WITH THAT OF THE SUPPLY OF SUGAR".

6. THAILAND GAVE AN EFFECTIVE PRESENTATION ON THE NEED FOR AN ISA TO BE "OBJECTIVE, WORKABLE AND FAIR" BY CITING ITS OWN UNHAPPY EXPERIENCE WITH PAST AGREEMENTS FROM WHICH IT WITHDREW IN 1971 BECAUSE ITS QUOTA WAS TOTALLY INADEQUATE. WITH EXPORTS OF 1.2 MILLION TONS IN 1976 THAILAND IS NEITHER AN ELEPHANT NOR A MOUSE AT THE CONFERENCE. AN OLD THAI PROVERB SAYS: "IF YOU SEE AN ELEPHANT RELIEVE HIMSELF, DON'T IMITATE HIM". THAILAND HAS READ THE ISO DRAFT AND RECOGNIZES MANY WEAKNESSES IN IT. THAILAND LISTENED WITH INTEREST TO THE U.S. CONCEPT OF INCREASED USE OF STOCKS AND IS WILLING TO STUDY IT. HOWEVER, IT IS TOO LATE TO DO AWAY WITH QUOTAS ALTOGETHER. QUOTAS MUST BE FAIR AND INCLUDE A FLEXIBLE ARRANGEMENT FOR ADJUSTMENT TO PRODUCTION REALITIES.

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7. KOREA SAID IT IS AN IMPORTER WHO SEEKS SECURE SUPPLIES. IT WILL NOT PROHIBIT THE NON-MEMBER IMPORTS (TAIWAN) IT NEEDS. KOREA HOPES FOR A NEW ISA.

8. PARAGUAY SAID IT NEEDS A QUOTA OF 30,000 TONS. QUOTA SHORFALLS OF LAND-LOCKED COUNTRIES SHOULD BE REDISTRIBUTED AMONG THEM. LAND-LOCKED LDCS SHOULD BE EXEMPT FROM SUPPLY COMMITMENTS AND A SPECIAL FUND SHOULD BE CREATED TO SUBSIDIZE THEIR FREIGHT COSTS FOR UP TO 50,000 TONS.

9. EL SALVADOR SAID IT WAS NOT PARTICULARLY INCLINED TO ONE PROPOSAL OR ANOTHER BUT BELIEVED QUOTAS AND PRICES IN AN ISA SHOULD BE REALISTIC. EXPORTERS OF UNDER 200,000 TONS ANNUALLY SHOULD BE EXEMPT FROM ALL OBLIGATIONS. THE BEST WAY TO GET AN AGREEMENT WOULD BE FOR THE 6 OR 8 LARGEST IMPORTERS AND EXPORTERS TO GO OFF BY THEMSELVES AND NEGOTIATE IT. THAT COULD SAVE EVERYONE A LOT OF TIME AND MONEY.

10. INDONESIA, IN A BRIEF INTERVENTION, SAID IT WANTED THE SAME QUOTA IT HAD IN THE 1968 AGREEMENT.

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## Message Attributes

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APRIL 26, TEN NATIONS MADE FORMAL STATEMENTS OUTLINED THE  
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**To:** STATE  
**Type:** TE  
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Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009